



October 19, 2005

TO: Legislative Oversight Committee

FROM: Iowa Finance Authority  
Iowa National Guard

RE: GUARD & RESERVE HOMEBUYER BENEFIT

This program was approved by the 2005 Iowa Legislature and was effective upon the governor's signature on Mar 10, 2005. It is jointly administered by the Iowa Finance Authority and the Iowa National Guard. The Iowa Finance Authority is responsible for receiving and processing the applications and disbursing the funds. The Iowa National Guard determines the eligibility of the service member.

The program is a matching grant program to assist with down payment and closing costs for current and former National Guard, Reserve and Active Duty armed services personnel who buy a home in Iowa and have served on active duty in support of the war on terrorism. The service member is qualified if they meet the following requirements:

1. Served on active duty for at least 90 days cumulative (not training-related) between September 11, 2001 and June 30, 2006 as a member of the National Guard, Reserve or Regular Component of the Armed Forces of the United States.
2. Resident of the State of Iowa.
3. The home must be the primary residence and located in the state of Iowa.

The grant is a "dollar for dollar" match of the service member's contribution toward the purchase price. The amount of the match is up to \$5,000 as verified on the HUD 1 Settlement Statement. Loan proceeds do not qualify as matching funds. There are no income or purchase price limits and this grant may be used in conjunction with other programs through FHA, VA, USDA or IFA if the service member qualifies for those programs. A surviving spouse of an armed services member who was killed in action during the applicable time period is eligible for this benefit.

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In a nutshell, the process begins with a participating lender submitting a request to the Iowa Finance Authority which includes a copy of the applicant's DD214 or other documents to establish the service requirement and loan information. The service information is sent to the Iowa National Guard for a determination that the applicant meets the service requirements. Upon receipt of the determination from the Iowa National Guard, IFA reserves the amount requested and notifies the participating lender. The participating lender closes the transaction, advances the matching funds, and submits the HUD closing statement to verify the actual amount of funds to be matched. The Iowa Finance Authority then reimburses the participating lender. This procedure is similar to the procedure used for other IFA programs such as First Home Plus which provides down payment and closing assistance to first home buyers.

The funds for this program in the amount of \$1,050,000 were funds which were leftover from an appropriation for differential pay to state employees who were mobilized after September 11, 2001. The funds appropriated to this program were fully committed to 237 service members by the middle of October. Over \$750,000 has been paid out as of the date of this report and the remaining funds will be paid out in the near future as the individual transactions are closed.

Unfortunately, not everyone who applied was approved. Eighteen applicants were denied the grant because they did not meet the service requirement, did not provide matching funds, or were not approved by the lender.

This has been an overwhelmingly popular program with the service members. In addition, it appears that eight service members may have elected to purchase a home in Iowa and become Iowa residents because of the grant. This is based on a review of the applications which showed an out of state address at the time of application.

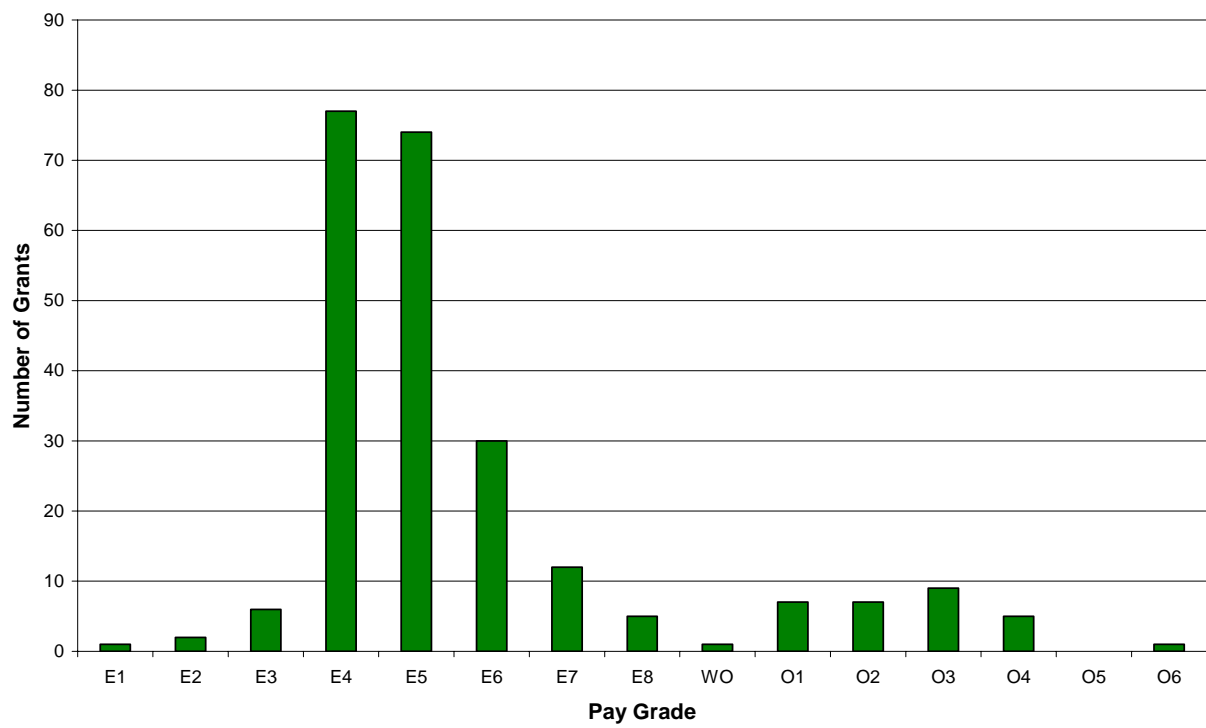
Two charts are attached which break out the grants by the pay grade of the service member and by service. A copy of the brochure which explains the service requirements and application process is also attached.

Respectfully submitted,

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### Service Members Matching Grants by Pay Grade



#### Enlisted:

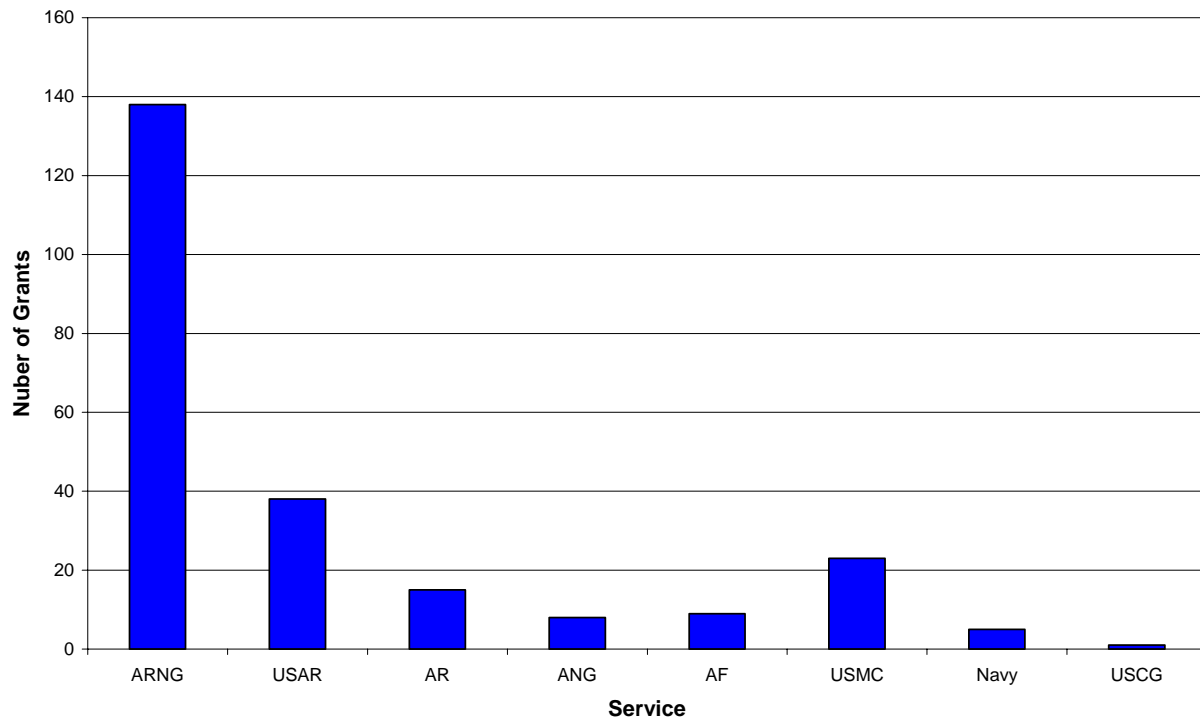
E1	1
E2	2
E3	7
E4	77
E5	74
E6	30
E7	12
E8	<u>5</u>
Total:	207

#### Officers:

WO	1
O1	7
O2	7
O3	9
O4	5
O5	0
O6	<u>1</u>
Total:	30

Total Enlisted & Officers: 237

### Servicemembers Matching Grants by Service



ARNG: Army National Guard	138
USAR: US Army Reserve	38
AR: Army – Active Duty	15
ANG: Air National Guard	8
AF: Air Force – Active & Reserve	9
USMC: US Marine Corps – Active & Reserve	23
Navy: Navy – Active & Reserve	5
USCG: US Coast Guard	<u>1</u>
<b>Total:</b>	<b>237</b>



## GUARD & RESERVE HOMEBUYER BENEFIT

The State of Iowa has approved an appropriation for a matching grant program to assist with down payment and closing costs for current and former National Guard, Reserve and Active Duty armed services personnel who are buying a home in Iowa and have served on active duty in support of the war on terrorism.

It is the goal of the *Guard & Reserve Homebuyer Benefit Program* to help at least 200 individuals purchase a single family, owner-occupied home in Iowa through matching grants of up to \$5,000.

The program is administered by the Iowa National Guard and the Iowa Finance Authority.

### WHO QUALIFIES?

You qualify if you meet the following:

- You must have served on active duty for at least 90 days cumulative (not training-related) between September 11, 2001 and June 30, 2006 as a member of the National Guard, Reserve or Regular Component of the Armed Forces of the United States.
- You must be a resident of the State of Iowa.
- The home you purchase must be your primary residence and located in the state of Iowa.
- The home purchase must have been made on or after March 10, 2005.

The grant is a “dollar for dollar” match of your contribution toward the purchase price. The amount of the match shall be up to \$5,000 as verified on the HUD 1 Settlement Statement. Loan proceeds do not qualify as matching funds.

There are no income or purchase price limits and this grant may be used in conjunction with other programs through FHA, VA, USDA or IFA if you qualify for those programs.

A surviving spouse of a Guard, Reserve or Active Duty armed services member who was killed in action during the applicable time period is eligible for this benefit.

## HOW DO YOU APPLY?

You may apply for this grant through an IFA participating lender. You can locate a participating lender at [www.ifahome.com](http://www.ifahome.com) or by calling IFA at the phone numbers listed below.

To apply for the grant, you must provide the IFA participating lender with a copy of a valid DD Form 214. If you are currently serving on active duty, have met the 90-day service period, and do not have a DD Form 214, you may submit a set of your mobilization orders in lieu of the DD Form 214. ***The Iowa National Guard shall be the final authority as to whether an applicant's duty status meets the 90-day active duty requirement and any other eligibility determination.***

The lender will fax copies of the DD Form 214 or orders to IFA together with the loan application and request for the grant amount. IFA will verify the application with the appropriate Guard, Reserve or Active Duty unit and fax approval back to the lender prior to closing. The lender will pay the funds at closing on your behalf and then submit a copy of the HUD-1 settlement statement to IFA for reimbursement. IFA will then reimburse the lender.

## ADDITIONAL BENEFIT:

Qualifying first-time homebuyers may also use IFA's *FirstHome* and *FirstHome Plus* programs. You must meet the requirements for these programs, which include income and purchase price limits. If you qualify for the *FirstHome Plus* program, you may be eligible for a grant from IFA for down payment and closing costs which you may use as part of the matching funds. Contact IFA for further information and to see if you qualify for these IFA first-time homebuyer programs.

## CONTACTS :

Contact these IFA staff if you have questions about the Guard and Reserve Homebuyer Benefit or the IFA first-time homebuyer programs:

Judy Hartman  
Single Family Specialist  
[judith.hartman@ifa.state.ia.us](mailto:judith.hartman@ifa.state.ia.us)  
515-242-4960

Mickey Carlson  
Single Family Program Manager  
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515-281-8929

**GRANTS WILL BE PAID ON FIRST-COME, FIRST-SERVED BASIS UNTIL  
APPROPRIATED FUNDS ARE DEPLETED.**

**THE GRANT MAY BE SUBJECT TO INCOME TAX. IF THE GRANT IS  
DETERMINED TO BE TAXABLE, YOU WILL RECEIVE AN IRS FORM 1099.**